

## *Hialeah, Florida's Neediest Residents Imperiled By Federal Budget Cuts*

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In the three decades that Fred Marinelli has spent leafing through grant applications from nonprofit groups in Hialeah, Fla., assessing their performance and looking at their books, he's developed a mental map of the social services available in this city of nearly 225,000 residents, 20 minutes north of Miami.

On Tuesday morning, for example, a low-income senior citizen got a free ride up West 6th Street to the Villa Community Center and ate what may have been his only complete meal of the day, said Marinelli, Hialeah's director of Grants and Human Services. Just after lunchtime Wednesday, a man walked into the John F. Kennedy library on West 49th Street and participated in a free conversational English class. And on Friday, a developmentally disabled teenager will board a bus for the mall and a movie with friends. There, under the watchful eye of a life-skills mentor, the teenager will learn how to tactfully make sure the teller provides correct change.

But later this year, one or all of these programs may have to find a way to survive without city support because of a substantial cut to a little-known federal program. The Community Development Block Grant program gives cities and some states money to [effectively underwrite thousands of nonprofits, building projects, public services and jobs](#). Still, CDBG's mission to improve economic conditions for people and programs in need hasn't kept it from falling victim to the federal cost-cutting ax.

During the budget stalemate last year, members of Congress agreed to slice \$1 billion from the program, leaving it with a budget of about \$3 billion, 25 percent less than it had two years ago.

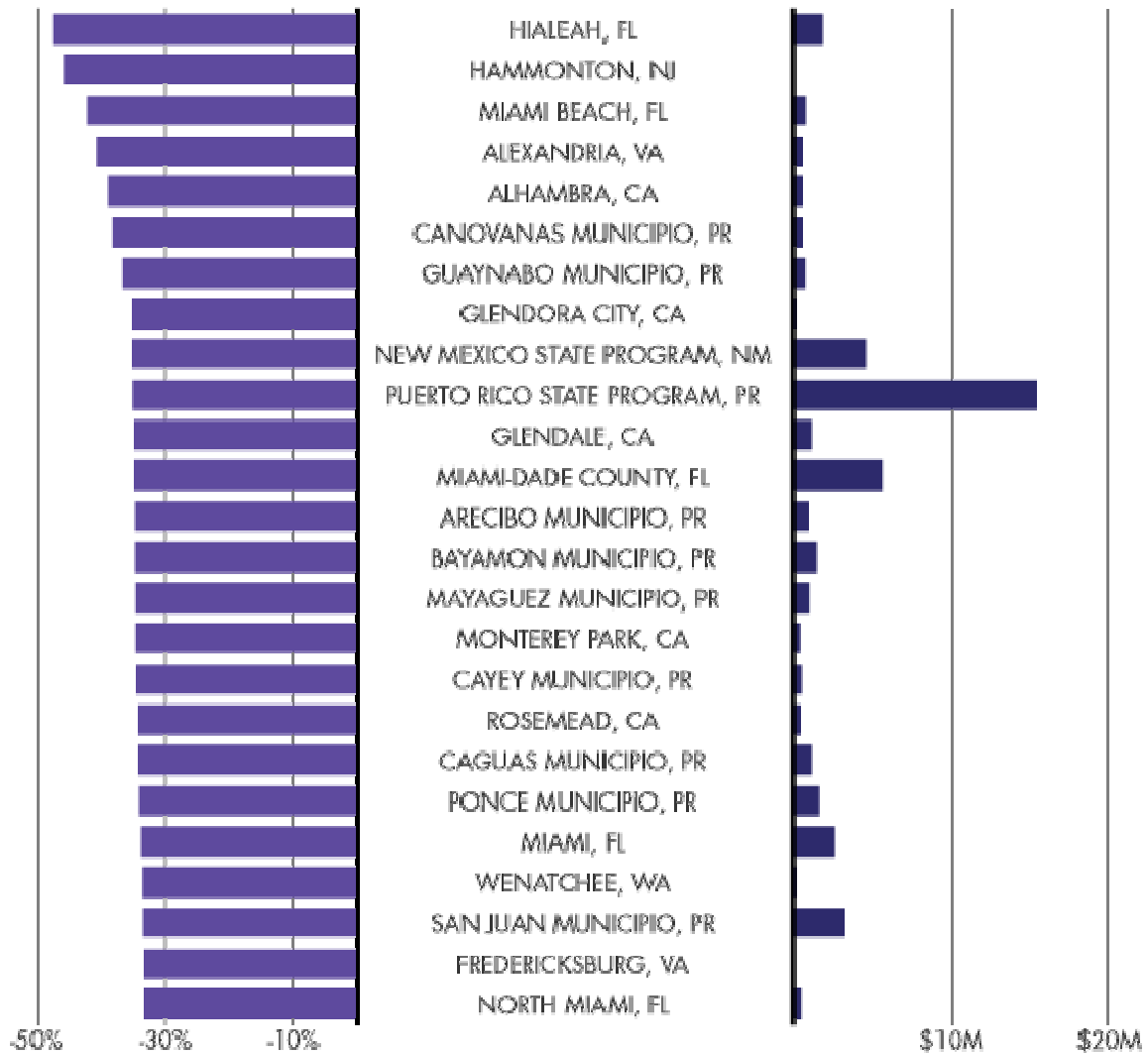
[Local allocations of funding](#) under the program were announced late last month. In Hialeah, a city that will lose nearly 50 percent of its CDBG funds this year and wrestle with the largest cut in the nation, the loss will [imperil all sorts of projects, services, and jobs](#).

"These cuts have just created a situation where we're being forced to choose between helping grandma [or] her grandkids," said Marinelli.

## COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING SLASHED

PERCENT CHANGE, 2011-2012

DOLLARS LOST, 2011-2012



Source: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HUFFPOST BUSINESS

At the Citrus Family Health Clinic in Hialeah, the recession has nearly doubled the number of people who depend on its low cost services for everything from prenatal care to diabetes management. CDBG-supported programs also bring library books to daycare centers, connect children struggling to read with tutors and help adults who are barely able to read and write in English.

Last year, when there was precious little work available in the private sector, CDBG funds also helped to keep Williams Paving Inc., a 60-year-old family-owned general engineering and contracting company based just outside Hialeah, relatively busy, said Ernie Horsley, the company's general manager.

Before the recession, the company had a staff of about 140 people. When private building projects in South Florida virtually came to a standstill, Williams trimmed its payroll to about 75, Horsley said.

When Williams was awarded a CDBG-financed contract to widen and reconstruct a half-mile stretch of Hialeah's West 16th Street corridor and do similar work along 76th Street, the company hired about 20 workers.

"This cut is going to be devastating for the economy in South Florida," said Hoarsely. "There are contractors down here that might not survive."

Hialeah will receive just over \$2 million in CDBG funds this year. That's down from \$3.8 million last year.

"We're going to do as much as we can with what we have," said Marinelli. "But in 2012, we're being funded at the same rate that we were in 1977."

When the program began in 1977, CDBG sent about \$48 per capita to eligible cities, said Tracy Gordon, a fellow at the liberal think tank Brookings Institution who studies government budgets and spending. By 2006, that figure had dropped to about \$13.

Most of that change is due to the fact that Congress cut the program's funding sharply in the 1980s, Gordon said. The political mechanics of sustaining such a program also played a role. To garner wider congressional support, the list of communities eligible for CDBG funding has expanded from about 600 cities in the 1970s to more than 1,200 locations today, Gordon said. [State and local officials](#) tend to rely heavily on it.

"CDBG funds are often the last dollar of the budget that aren't already spoken for," said Gordon. "Mayors already know that they have to spend x just picking up trash, or y because of labor contracts."

While the program isn't immune to waste or fraud, it generally supports programs and services few people want to see cut, said Tad DeHaven, a budget analyst with the CATO Institute, a libertarian think tank based in Washington, D.C.

But the grants also give public officials a pot of money they can use to curry political favor, DeHaven said. The money also allows governments to fund programs and services without levying taxes.

"It creates a disincentive for state and local governments to clean up their financial acts," DeHaven said.

Marinelli expects that this year's grant awards process will be the most difficult of his career.

"If this was happening 10 years ago, maybe even four years ago, the city or the state could have plugged the hole," said Marinelli. "Right now all our revenue is down. Everything is down except need."